



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

May 17, 2012

Maggie Lampy, Executive Director
Grand Oak Hill Community Corporation
4168 Juniata
St. Louis, MO 63116

RE: Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) (Project #2012-CDA24)

Dear Ms. Lampy:

Enclosed is a report of the fiscal monitoring review of the Grand Oak Hill Corporation, a not-for-profit organization, CDBG and HOME Programs, for the period January 1, 2011, through November 30, 2011. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Grand Oak Hill Community Corporation. Fieldwork was completed on January 5, 2012.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOME INVESTMENT PARTNERSHIP (HOME)**

**GRAND OAK HILL COMMUNITY CORPORATION
CONTRACT #11-31-33, #11-36-33 AND #11-HM-36-33
CFDA #14.218 & #14.239**

FISCAL MONITORING REVIEW

JANUARY 1, 2011 THROUGH NOVEMBER 30, 2011

PROJECT #2012-CDA24

DATE ISSUED: MAY 17, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOME INVESTMENT PARTNERSHIP (HOME)
GRAND OAK HILL COMMUNITY CORPORATION
FISCAL MONITORING REVIEW
JANUARY 1, 2011 THROUGH NOVEMBER 30, 2011**

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Response	2
SUMMARY OF OBSERVATIONS	
Conclusion	3
Status of Prior Observations	3
A-133 Status	3
Summary of Current Observations	3
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	4

INTRODUCTION

Background

Contract Name: Grand Oak Hill Community Corporation

Contract Numbers: 11-31-33, 11-36-33, 11-HM-36-33

Contract Period: January 1, 2011 through December 31, 2011

CFDA Numbers: 14.218 (11-31-33 & 11-36-33)
14.239 (11-36-33)

Contract Amounts: \$228,358 (11-31-33)
\$111,150 (11-36-33)
\$149,600 (11-HM-36-33)

These contracts provided Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds to Grand Oak Hill Community Corporation (Agency) to promote neighborhood growth and stabilization, combat physical deterioration and promote housing development and investment in the 8th, 10th, 14th and 15th wards of the City. The Agency fulfills this purpose through a variety of programs; including senior nutrition, nuisance abatement, and upgrading the City owner-occupied housing stock, by providing forgivable home repair loans that will be used to correct code related and deferred maintenance repairs in the Grand Oak Hill Community.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2011, through November 30, 2011, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on January 5, 2012.

Exit Conference

The Agency declined an exit conference.

Management's Response

The management's response to the observation and recommendation identified in the report was received from the Agency on May 11, 2012. The response has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-CDA17 issued April 12, 2011, contained no observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds for its fiscal year ended December 31, 2010; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated December 8, 2011 and rendered unqualified opinions on the financial statements and compliance for major federal awards programs. Two significant deficiencies were disclosed during the audit of financial statements, in which both were identified as material weaknesses. There was one significant deficiency, but no material weaknesses disclosed during the audit of major federal award programs.

The Agency was not determined to be a low-risk auditee.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to improve internal controls over cash retention (Questioned Costs, (\$10,184.00))

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Improve Internal Controls Over Cash Retention (Questioned Costs, \$10,184.00)

A review of the Agency's grant disbursements revealed the Agency did not disburse federal funds to vendors within the required three days of receiving them as follows:

A	B	C	D	E	F
Vendor	Reimbursement Date	Date Vendor Paid	Check #	Days Between Reimbursement & Payment (C-B)	Amount
Moore's Construction	April 15, 2011	April 29, 2011	3237	14	\$4,999.00
Turner Bailey, Inc.	May 5, 2011	May 11, 2011	3245	6	\$5,000.00
Postmaster	April 1, 2011	April 14, 2011	3951	13	\$185.00
Total					\$10,184.00

Section 2.10 of the CDA Operating Agency Fiscal Procedures Manual requires an operating Agency to disburse the federal funds within three working days of receiving the funds. If the funds cannot be disbursed within the three working day period, the funds must be returned immediately to the Comptroller's Office.

The Agency did not have a system of internal control to ensure its compliance with federal funds disbursement and retention requirements of CDA.

Failure to return the unused grant funds within 3 days may result in questioned costs, suspension, or termination of federal award.

It is recommended that the Agency establish a system of internal controls to ensure its compliance with CDA federal funds retention requirements.

Management's Response

In response to your Fiscal Monitoring Draft Report, dated May 3, 2012, we concur that our current accounting practices have on three occasions failed to disburse funds to vendors within the required three days of receiving them. Typically this has occurred with payments to Home Repair Contractors when upon processing payment it was noted there was a recent renewal of the Contractors worker's compensation and/or liability insurance coverage and a new copy of their coverage had not been received by our office. We have recently established a new tracking system to ensure that Home repair Contractors, who have current projects, submit updated insurance coverage if our documentation shows it is up for renewal within the estimated time frame of the project.